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THE ATTITUDE OF THE SOVIET GOVERNMENT TOWARD CO-OPERATION¹

The vigor of the co-operative movement in Russia is shown by its survival of the profound changes in national policy in the last few years. Under the monarchy the co-operatives had gradually conquered government opposition and finally became official agencies for the distribution of food in the military and civil population. Under the provisional government the co-operative societies were the very basis of the economic organization of the country, and several members of the Kerensky cabinet owed their positions to their experience in the co-operative movement. During the bolshevist rule three phases of co-operative life may be distinguished. The Soviet government at first ignored the co-operatives, then seized them and devoted them to its own purposes, and finally gave them a prominent and more or less independent position. This last rôle was mapped out for the organizations as a part of the new economic policy which was proclaimed in the spring of 1921.

The active use of the mechanism of the co-operatives by the Soviet government dates from the second stage, that of the seizure of the entire organization. By a decree issued in April, 1918, every consumer was required to become a member of his local consumer's co-operative. In the following March (1919) another decree effected the consolidation of all consumers' co-operatives and all co-operative productive societies. The local communes were federated into provincial unions, and from these provincial unions delegates were elected to the All-Russian Union of Co-operative Societies known as the *Centrosoyus*. In the following year the agricultural and distributive co-operative societies were taken over by the state. The payments on shares were returned to the shareholders and the property of the societies became the property of the government. The Bank of the

¹The text of the decrees regarding the co-operatives which are the basis of this discussion is taken from the bimonthly bulletin of the Russian Trade Delegation in London, entitled *Russian Information and Review*, in the issues of the closing months of 1921 and the beginning of 1922. The recent history of the co-operatives, as it has been outlined in reports of the International Labour Office, and in scattered literature, is indicated only to make clear the available facts of the internal situation and the relation of the Soviet Government to the co-operatives as it has been officially defined.

Co-operatives, the Moscow Narodny Bank, was treated in the same way. Thus the whole great network of distributive, agricultural, and credit organizations came to an end as a voluntary movement. This phase in the life of the co-operatives had already appeared when the Entente attempted to resume trade relations with Russia through the medium of the co-operative societies in January, 1920. The Entente then concluded that the semi-official status of these agencies made the plan inconsistent with their refusal to grant recognition to Soviet Russia and the plan was abandoned.

The new economic policy which was announced in the spring of 1921 was intended to give industry in Russia the stimulus which the Soviet leaders held to be imperative. The new plan involved the reduction of state control of industry and the leasing of factories which were not of first interest to the state. This step in turn involved a partial reversion to private trading. Workers in the enterprises which were retained by the state were allowed to bargain individually with the peasants for food and were paid partially in money, while enterprises which the state leased necessarily had an even greater degree of freedom in trading.

At the same time an effort was made to stimulate internal and foreign commerce. "Communism and commerce," said Lenin in an article published in the Moscow press on the fourth anniversary of the November revolution, "the connection seems very loose, incomprehensible, far-fetched. But if we think of it from the economic point of view, there is no greater difference between them than between Communism and petty peasant patriarchal agriculture. . . . Let us not give ourselves up to 'emotional socialism' or to the old Russian half-lordly, half-rustic, state of mind which feels supreme contempt of commerce." In this manner the Soviet government announced its retreat from state capitalism to state regulation of semi-private commerce, at the same time announcing the hope that the end of its "strategic" retreats was in sight.

This sanction of private trading produced the third stage in the history of the co-operatives under the Soviet régime. The functions which were assigned to them under the new economic policy may be divided into four classes: trade and industry, agriculture, famine relief, and the extension of co-operative enterprise.

The first step was the promotion of trade. The decrees of the spring of 1921 provided that the government food stocks, which amounted to about \$140,000,000 in value, should be handed over to

the co-operative unions and their affiliated societies, and that their "supreme organ," the Centrosoyus, should be free to fix the equivalent values of the goods to be exchanged. The decrees also stipulated that the state financing of the co-operatives should come to an end on September 1, 1921, so that a complete financial reorganization was necessary in order to carry out the new functions of aiding the exchange of goods. Looking toward this end, Kinchuk, president of the Board of Centrosoyus, stated at the All-Russian Congress of Co-operative Delegates held in July, 1921, that it should be "essential to subscribe to shares, to stimulate deposit operations, to organize new undertakings, to strengthen productive co-operatives, to establish international co-operative relations and to take steps for the foundation of an international co-operative bank."

The co-operative organization is an essential part of the mechanism for foreign trade. This function antedates the new economic policy. The trade agreement with England was not signed until March, 1921, but the All-Russian Co-operative Society, Limited (known as Arcos) had been established in London in October, 1920, as a buying and selling agency. Arcos' purchases up to August, 1921, amounted to more than £5,000,000, spent chiefly for provisions, textiles, coal, seeds, and agricultural machinery. Sales during the same period amounted to the much smaller sum of £300,000. Arcos remains the main channel used by the People's Commissariat for Foreign Trade for Russian purchases abroad.

A special trading function is required of the co-operatives at home by the decree which allows workmen to trade with the peasants "either directly at special 'bartering points' established in the villages or indirectly through the Centrosoyus." Another function is that of purchasing for the state factories, which are permitted but not required to buy through their agency. The Soviet government favors the co-operatives in the provision of manufactured goods in order to facilitate the process of barter with the peasants and the securing of surplus grain from the more prosperous provinces for the needs of the towns.

The peasant handicrafts (known as the Kustar) have an important place in the co-operative system which also antedates the present stage. The co-operatives attempt to obtain raw materials for these home industries at reasonable prices and to organize the sale of the articles produced. At the present time this is a particularly important task for two reasons: food must be obtained for the towns and the famine districts, and at the same time internal and export trade must be stimulated. In the summer of 1921, Arcos attempted to create a

demand from outside the country for articles made by Russian peasants by organizing in London an exhibition of Russian peasants industries.

Under the new economic policy the co-operatives have been granted special favors in the field of production. They have been given a preference over individuals in leasing factories which have been freed from government control, and have taken advantage of the opportunity on a large scale. In some instances the co-operative factories are operated by the general district associations and in others new associations have been formed for the purpose of undertaking factory production.

A consumers' co-operative bank was formed by a decree of the All-Russian Central Executive Committee and the Council of People's Commissaries on December 13, 1921. Its principal object is to facilitate the transactions of co-operative societies by supplying credit and undertaking banking operations for them. Only co-operative organizations may become clients. The bank is capitalized at 1,300,000 gold rubles.

In agriculture the chief rôle of the co-operatives under the present Soviet policy is the distribution of agricultural machinery, with the introduction of new types and methods wherever possible. The Soviet government believes that the co-operative organizations, which have been familiar to the peasants for years and are trusted by them, have a better opportunity in this field than a government department would have. The Commissariat for Agriculture is using the co-operative organizations for a general educational campaign as well as for bringing about the collective use of the larger agricultural machines.

The Centrosoyus is an instrument which is particularly adapted to the needs of famine relief, and it has organized all of its affiliated societies to that end. Following instructions given by the All-Russian Congress of Co-operative Delegates in July, 1921, the Board of the Centrosoyus set aside a percentage of its goods for famine relief and called on the allied organizations to carry out district plans for assembling reserves of stocks and funds and to produce whatever was necessary to meet special famine needs as they arose. In the autumn of 1921 the Centrosoyus procured and distributed 1,000,000 poods of seed and 3,000,000 poods of potatoes for consumption, according to a report by Kinchuk, president of the Board of Centrosoyus, to the Russian Trade Delegation in London. In addition 2 per cent of the total profits of the Centrosoyus was devoted to famine victims.

Finally, the Soviet government holds it to be the duty of the co-operative unions to give the impulse to the extension of the co-operative principle in trade, agriculture, and industry throughout the country. Steps are being taken to bring consumers' and producers' co-operatives into closer harmony. The work of propaganda for co-operation is constantly going on, although at the present time it is said to suffer from so serious a lack of experienced organizers that it is proposed to establish a training school for them.

The degree of autonomy which the co-operatives in Russia have attained under the Soviet government's new economic policy is not wholly clear. According to Kinchuk the co-operative movement "completely recovered its former autonomy and its former privileges in the exercise of its operations" by the decree of April 7, 1921. Representatives of the government see the matter in a slightly different light from the leaders of the co-operative movement, according to the Russian Trade Delegation in London.

Some co-operators of the old, individualistic way of thinking, being unable to distinguish outward forms from the essence of things, have begun to imagine that the new development of Centrosoyus means the restoration of their old privileges and liberties. For the good of Russian Co-operation, and of the co-operative movement generally, it should be made clear at the outset that no such return to the past is implied.

The new independence of the Centrosoyus and its new powers and obligations are far removed from its past, self-contained independence and its "parish-pump" outlook.¹

Certainly the field of operations for the co-operatives has been enlarged, but the degree of independence must be viewed in the light of the scheme of interlocking directorates with the government offices which the decree of April 7, 1921, provides for. The Commissar and the Assistant Commissars of Foreign Trade are members of the Board of the Centrosoyus, and the government is given the right to nominate all members of the Board, although it has not yet exercised its privilege. As the activities of Arcos in London are studied, it appears to be simply the long arm of the People's Commissariat for Foreign Trade.

The present policy of the Soviet government is clearly to use the co-operative organization as a means of furthering the economic development of Russia and to develop it into one harmonious system which shall be a sympathetic instrument for carrying out the government's policies.

AMY HEWES

MOUNT HOLYOKE COLLEGE

¹*Russian Information and Review*, November 1, 1921, p. 71.